



State of Utah

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Department of Natural Resources
Division of Oil, Gas and Mining

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M0470089
outgoing

July 29, 2021

Certified Return Receipt Requested and Read Receipt
7019 1120 0000 7160 2742

George Stapleton
Petroteq Oil Recovery, LLC
15315 West Magnolia Boulevard, Suite 120
Sherman Oaks, California 91403

Subject: Denial of Amended Notice of Intention to Commence Large Mining Operations, Petroteq Oil Recovery, TMM Asphalt Ridge Mine, M/47/0089, Uintah County, Utah

Dear Mr. Stapleton:

The Division of Oil, Gas and Mining (the Division) has reviewed the referenced amended Notice of Intention to Commence Large Mining Operations (NOI) which was received July 1, 2021, and your letter dated July 27, 2021, concerning the reclamation plan. This submittal was in response to both a Division Directive issued on January 14, 2021, and the Order issued May 25, 2021, associated with a Stop Work Conference which was held May 21, 2021. This Stop Work Conference was regarding Cessation Order MC-2021-60-01. In the Order from the Stop Work Conference, Petroteq Oil Recovery (Petroteq) was ordered to provide a Complete NOI no later than July 1, 2021, including company contact information, mineral processing methods and facilities, waste handling and management, and a reclamation plan.

Some of the information required in the Order was not provided and therefore, the submission is denied. Specifically, Petroteq failed to provide information on waste handling and management, and a reclamation plan.

- Regarding waste handling and management: The submission states that the Clean Oil Recovery Technology (CORT) process that Petroteq is using at the facility recovers roughly 95% of the solvent, which consists of light hydrocarbons sourced from natural gas condensates. The CORT process also claims to recover 99% of the hydrocarbons from the oil sands. The July 1, 2021, submittal did not include any data showing the recovery rates of hydrocarbons and solvent. In addition, the Synthetic Precipitation Leaching Procedure (SPLP) data provided, and subsequent testing program were from 2016 during the design phase of the original pilot plant. The Utah Division of Water Quality (UDEQ) approved a groundwater discharge



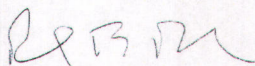
permit for the company (then operating under the name MCW) on July 28, 2016, based on these data. The UDEQ permit is due to expire on July 31, 2021. The Division requests that laboratory parameters approved by the UDEQ for the post-processed sands be updated and included in the NOI. Furthermore, the latest submittal from your company indicates that the post-processed sands will be staged temporarily on a stockpile of oil sands ore which will be used as a temporary holding area. The post-processed sands are reportedly being sold to off-site aggregate and frac sand companies. For the purposes of reclamation bonding, the stockpile of post-processed sands will require a TCLP hazardous waste analysis to determine if this material will require special handling and disposal requirements.

- Regarding the reclamation plan: The July 1, 2021 submittal did not contain an updated reclamation plan. The Order required a complete reclamation plan. The reclamation plan cited in your letter dated July 27, 2021, is from July 2013, and is out of date. The July 2013 reclamation plan does not take into account the post-processed sands and how they will be managed during reclamation for the post-mining land use. In accordance with rule R647-4-102.1 and the Order, an updated reclamation plan is required.

The Order resulting from the Stop Work Conference states that if Petroteq fails to provide a complete NOI, including the specific items listed by July 1, 2021, that Petroteq must cease all mining activities until an updated NOI is *approved* by the Division. Because Petroteq did provide a partial NOI by the July 1, 2021, deadline, the Division believes Petroteq is acting in good faith. **Petroteq must provide the above listed information no later than August 13, 2021.** If Petroteq fails to provide the above listed information by that date, the Division will enforce the Order requiring Petroteq to cease all mining activities until an updated NOI is *approved*. Please note that with amendments to large mine permits, a public comment period is required, and NOI approval may be lengthy. The Division requests Petroteq to please be timely and complete with their submission so that Petroteq may continue to operate during NOI review.

The Division's web page at <http://ogm.utah.gov> under the Minerals Program has a link to the rules under which you are expected to operate and to other information to assist you in complying with program requirements. Thank you for your cooperation. In reply, please refer to file number M/47/0089. Please contact April Abate at 801-232-1339 if you have questions or concerns regarding this permitting action.

Sincerely,



Paul Baker
Minerals Program Manager